

## REMARKS

The enclosed is responsive to the Examiner's Office Action mailed on May 1, 2008. At the time the Office Action was mailed, claims 1-26 were pending. By way of the present response the Applicants have: 1) amended claims 1-24; 2) added no claims; and 3) canceled no claims. As such, claims 1-26 are now pending. The Applicants respectfully request reconsideration of the present application and the allowance of all claims now represented

### 35 U.S.C. § 101 Rejections

Claims 1-6, 13-15, and 19-21 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically, the Office Action states that "the claimed invention as a whole does not accomplish a practical application" and the "mere fact that the claim allows bidders to place bids does not satisfy the requirement of 35 U.S.C. 101. The claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea that performs mental steps and therefore non-statutory under 35 U.S.C. § 101." Office Action, pages 2-3. Applicant respectfully submits that amendments to the claims have overcome these rejections. Therefore, Applicant respectfully requests withdrawal of these rejections.

### 35 U.S.C. § 112 ¶ 2 Rejection

Claim 3 stands rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Specifically, the Office Action states that the limitation "the particular action" has insufficient antecedent basis. Applicant respectfully submits that claim 3 has been amended such that the rejection is now overcome. Therefore, Applicant respectfully requests withdrawal of this rejection.

### 35 U.S.C. § 103 Rejections

The Examiner has rejected claims 1-26 under 35 U.S.C. § 103(a) as being unpatentable over Davis, et al. (US Patent 6,269,361, hereinafter “Davis”) in view of Canali, et al. (US Patent 7,272,579, hereinafter “Canali”).

Davis describes a system “to influence a position for a search listing within a search result list generated by an Internet search engine.” Davis, Abstract. Davis recognizes that “web site promoters should be able to control their placement in search result listings so that their listings are prominent in searches that are relevant to the content of their web site.” Davis, col 3, lines 50-53. Placement in the search result list is based on the amount of a particular bid (“The higher the bid, the more advantageous the placement in the search result list that is generated when the bidded search term is entered by a searcher using the search engine. The search result list is arranged in order of decreasing bid amount, with the search listing corresponding to the highest bids displayed first to the searcher.” Davis, col 5, lines 35-40). Thus, Davis describes advertisers participating in a competitive bidding process with other advertisers, where the **highest bidder wins**. See Davis, col 9, lines 25-28. Davis does not describe combining bids.

Canali describes an auction based procurement system with several stages. The “first stage includes a request for a quotation that a buyer initiates.” Canali, col 7, lines 1-2. The “second stage includes quotation submission and analysis” , Canali, col 7, lines 5-6, and “vendors may respond through quotations to the buyer’s request for the item, for example, by combining the vendors’ bids.” Canali, col 7, lines 24-26. Vendors are notified of their ranking (e.g., whether they are winning or losing) and may modify their bid accordingly. See Canali, col 7, lines 37-40. Since the bids are placed on specific items (i.e., products), **the lowest bidder wins** (e.g., the lowest price or best value per unit typically wins). See Canali, col 7, lines 27-32. In a method implementing the action, Canali describes a customer requesting an item, a first potential vendor placing a first bid on the item, a second potential vendor placing a second bid on the item, and “the method 2100 may notify the first potential vendor and the second potential vendor of an option to combine the first bid and the second bid” See Canali, col 16, line 43 through col 17, line

3. Of course, by combining bids of the vendors in the fashion, the likely result is to **decrease** the price, thus making it more likely that the combination of the two vendors will win the auction than if the bids of the vendors are separate (as the volume increases, prices decrease). A motivation of Canali is volume discounting: “In the system of FIG. 1, for example, consumers will be able to combine requests for purchase of goods and services from a plurality of vendors to obtain volume discounts.” Canali, col 8, lines 29-32; “The embodiment includes a supply and demand based transaction model. Volume based discounting is correlated with supply and demand. The embodiment is based on a bilateral buyer driven process which may be utilized by organizations that would like to purchase significant amounts of goods or services at the lowest possible price or best value.” Canali, col 8, lines 53-59.

The Office Action states that “*Davis does not explicitly teach allowing a secondary bidder to selectively place a secondary bid to augment the primary bid of a primary bidder by a monetary amount; and storing the bids... However, Canali teaches the concepts of combining a first bid and a second bid of a first vendor and a second vendor respectively and storing the second bid (col. 16, line 63 through col. 17, lines 3; col. 18, lines 8-10). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Davis to allow combining bids as taught by Canali for the obvious reason of increasing the chances of being placed at a more advantageous spot in the search result list.*” Office Action, page 4 (italics added).

#### Proposed Combination is Not Proper

Applicant respectfully submits that it is not proper to combine Davis and Canali as proposed by the Office Action. Although Davis and Canali both describe “bids” and “bidding”, the bidding systems they describe are fundamentally different and are not properly combinable. For example, as discussed above, Davis describes bidding for position in search results – the **higher** the bid, the better the placement. Thus in Davis, the **high bid wins**. In contrast, Canali describes an auction system where vendors bid to sell goods/services – the **lower** the bid, the greater likelihood of getting the sale. Thus in Canali, the **low bid wins**. Therefore, in Davis, the **high bid wins**, while in Canali, the **low bid wins**. The proposed combination would modify the bidding system of Davis

with the bidding system of Canali. However, since the two bidding systems are fundamentally different, it is unclear how the proposed combination operates. For example, in the proposed combination, it is unclear whether a high bid wins or loses. Therefore, Applicant respectfully submits that since the bidding system of Davis and the bidding system of Canali are fundamentally different, one of ordinary skill in the art would not combine the two bidding systems. Therefore, for at least this reason, Applicant respectfully submits that the proposed combination is not proper, and therefore respectfully requests withdrawal of the rejections and allowance of all the claims.

Proposed Combination does not Teach or Suggest the Required Limitations

Even if Davis and Canali are properly combinable, the combination does not teach or suggest what Applicant is claiming.

Claims 1, 7, 13, 16, 19, and 22

Applicant respectfully submits that Davis in view of Canali does not teach or suggest the limitations in claims 1, 7, 13, 16, 19 and 22. Specifically, Davis in view of Canali does not teach or suggest “receiving a selectively placed secondary bid from a secondary bidder **to increase** one of the primary bids of one of the primary bidders by a **monetary amount**” as required by claims 1, 13, and 19 (emphasis added). As described previously, the Office Action admits that Davis does not teach the above limitation. However, the Office Action states that “Canali teaches the concepts of combining a first bid and a second bid of a first vendor and a second vendor respectively” and cites Canali at col 16, line 63 through col 17, line 3; and col 18, lines 8-10. However, Applicant respectfully submits that Canali does not teach or suggest the limitation the above limitation.

As previously described, Canali is an auction based bidding system where vendors bid to sell goods/services to buyers. Thus in Canali, the **low bid wins** (with other factors being equal, generally buyers will select the least expensive good/service). Canali also describes volume discounting (the more goods/services being purchased the lower the price). Canali describes that two vendors are given the option to combine their bids.

Since the low bid wins, logically Canali describes the vendors combining bids to **reduce the price** (e.g., by increasing the supply of the two vendors). It would be illogical for the two vendors to combine their bids to increase the bids by a monetary amount as that would hurt their chances of winning the bid. Therefore, at best, Canali describes combining bids to **reduce the price** of products/services vendors are selling.

In contrast, claims 1, 13, and 19 require “receiving a selectively placed secondary bid from a secondary bidder **to increase** one of the primary bids of one of the primary bidders by a **monetary amount**”. By way of example and not limitation, the secondary bidder has an interest in boosting the primary bid of a primary bidder, such as in a real world value chain. See specification, paragraph 0013. Since Canali does not describe the above limitation, and Davis does not describe the above limitation, the combination does not teach or suggest the above limitation. Therefore, for at least the above reasons, Applicant respectfully submits that claims 1, 13, and 19 are allowable.

Furthermore, Applicant respectfully submits that claims 7, 16, and 22 are allowable for similar reasons. For example, claims 7, 16, and 22 require, inter alia, “receiving at least one secondary bid, each from a secondary bidder, to **increase** a primary bid of a selected primary bidder by a **monetary amount**” (emphasis added). Therefore, for at least the reasons discussed above, Applicant respectfully submits that claims 7, 16, and 22 are allowable.

#### Claims 2, 8, 14, 17, 20, 23

Furthermore, Davis in view of Canali does not teach or suggest the required limitations of claims 2, 8, 14, 17, 20 and 23, as amended. For example, claims 2, 14, and 20 require, inter alia, “wherein each of the **primary bidders is a retailer** of one or more products or services and the **secondary bidder is a manufacturer** of at least one of those products or services” (emphasis added). As described above, Davis does not describe combining bids. To the extent that Canali describes combining bids, Canali describes combining bids of vendors.

By way of example and not limitation, the manufacturer wishes to boost the primary bid of the retailer because the retailer has contractually undertaken to retail a high

volume of the manufacturer's products and the manufacturer may wish to assist the retailer in securing the highest rank position of the retailers associated advertisements within the results of a search. See specification, paragraph 0013. To illustrate, if the manufacturer is Canon and wishes to promote a specific model of a digital camera that the retailer (and primary bidder) BestBuy.com has undertaken to sell, Canon has an interest in ensuring that BestBuy.com's associated advertisement ranks highly within the result of a search based on the search string "Digital Camera". See specification, paragraph 0013. Therefore, for at least the above reasons, Applicant respectfully submits that claims 2, 14, and 20 are allowable.

Furthermore, Applicant respectfully submits that claims 8, 17, and 23 are allowable for similar reasons. For example, claims 8, 17, and 23 require, inter alia, "wherein at least some of the **primary bidders are retailers** of one or more products or services and at least one **secondary bidder is a manufacturer** of at least one of those products or services" (emphasis added). Therefore, for at least the reasons discussed above, Applicant respectfully submits that claims 8, 17, and 23 are allowable.

#### Remaining Dependent Claims

Furthermore, since claims 3-6, 9-12, 15, 18, 21, and 24-26 directly or indirectly on claims 1, 7, 13, 16, 19, and 22 respectively, Applicant respectfully submits that they are allowable for at least the reason they depend on an allowable claim.


### CONCLUSION

Applicants respectfully submit that the present application is in condition for allowance. If the Examiner believes a telephone conference would expedite or assist in the allowance of the present application, the Examiner is invited to call Stephen M. De Klerk at (408) 720-8300.

Please charge any shortages and credit any overages to Deposit Account No. 02-2666. Any necessary extension of time for response not already requested is hereby requested. Please charge any corresponding fee to Deposit Account No. 02-2666.

Respectfully submitted,  
Blakely, Sokoloff, Taylor & Zafman LLP

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/  /  
Stephen M. De Klerk  
Reg. No. 46,503

1279 Oakmead Parkway  
Sunnyvale, California 94085-4040  
(408) 720-8300